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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

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For the quarterly period ended September 30, 1991

OR

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 0-17519

LEZAK GROUP, INC.
(Exact name of registrant as specified in its charter)

Nevada	95-3850418
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
1098 Lucerne Way, P.O. Box 7202, Incline Village, Nevada	89452
(Address of principal executive offices)	(Zip Code)

(818) 223-8807
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ____ No X

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes X No ____

As of June 1, 1992, there were 50,000,000 shares of common stock issued and to be issued.

Total sequentially numbered pages in this document: 9.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LEZAK GROUP, INC.
CONDENSED BALANCE SHEETS

	June 30, 1991 (Audited)	September 30, 1991 (Unaudited)
ASSETS		
CURRENT ASSETS		
Cash	$ 59,759	$ 101,490
Marketable securities - related company	110,189	44,287
TOTAL CURRENT ASSETS	169,948	145,777
OTHER ASSETS		
Note receivable - related company (Note 2)		357,605
Advance to Chairman (Note 3)		25,000
Cash surrender value of Chairman's life insurance policy	6,000	7,000
Deposit - acquisition of property (Note 4)		350,000
	6,000	739,505
	$ 175,948	$ 885,382
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 28,596	$ 24,887
Due to Chairman	70,000	72,750
Income taxes payable		5,000
TOTAL CURRENT LIABILITIES	98,596	102,637
SHAREHOLDERS' EQUITY		
Common stock, Class A, $.03 par value, 50,000,000 shares authorized; 50,000,000 shares issued and to be issued at June 30, 1991 and September 30, 1991	1,500,000	1,500,000
Capital in excess of par	2,375,066	2,375,066
Deficit	(3,797,714)	(3,092,321)
	77,352	782,745
	$ 175,948	$ 885,382

See accompanying Notes to Condensed Financial Statements.

LEZAK GROUP, INC.
CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30, 1990 AND 1991

	Three Months Ended September 30,	
	1990	1991
REVENUES		
Interest -		
Related company (Note 2)	$ 831	$ 7,605
Other	831	908
Gain on sale of marketable securities -		
Related company		727,598
TOTAL REVENUES	1,662	736,111
COSTS AND EXPENSES		
General and administrative	12,680	18,559
Compensation, primarily to Chairman	31,190	
Cost of indemnification to Chairman	2,750	2,750
Loss from investments, primarily affiliated companies	14,131	4,409
TOTAL COSTS AND EXPENSES	60,751	25,718
INCOME (LOSS) BEFORE INCOME TAXES	(59,089)	710,393
INCOME TAXES		221,000
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	(59,089)	489,393
EXTRAORDINARY ITEM - UTILIZATION OF NET OPERATING LOSS CARRYFORWARD		216,000
NET INCOME (LOSS)	$ (59,089)	$ 705,393
NET INCOME (LOSS) PER COMMON SHARE		
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	$ nil	$ .01
EXTRAORDINARY ITEM	nil	—
NET INCOME (LOSS)	$ nil	$ .01
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING AND TO BE ISSUED	49,767,413	50,000,000

See accompanying Notes to Condensed Financial Statements.

LEZAK GROUP, INC.
CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30, 1990 AND 1991

	Three Months Ended September 30,	
	1990	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (59,089)	$ 705,393
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Gain on sale of marketable securities		(727,598)
Changes in operating assets and liabilities:		
Advance to Chairman		(25,000)
Increase in cash surrender value of Chairman's life insurance policy	(500)	(1,000)
Decrease in accounts payable and accrued liabilities	(16,813)	(3,709)
Increase (decrease) in due to Chairman	(24,506)	2,750
Increase in income taxes payable		5,000
NET CASH USED IN OPERATING ACTIVITIES	(100,908)	(44,164)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in note receivable - related company	(831)	(357,605)
Deposit - acquisition of property		(350,000)
Proceeds from sale of marketable securities	6,250	793,500
NET CASH PROVIDED BY INVESTING ACTIVITIES	5,419	85,895
NET INCREASE (DECREASE) IN CASH	(95,489)	41,731
CASH BALANCE		
Beginning of period	109,504	59,759
End of period	$ 14,015	$ 101,490

See accompanying Notes to Condensed Financial Statements.

LEZAK GROUP, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
SEPTEMBER 30, 1991

1. Comments

The accompanying condensed financial statements are unaudited but, in the opinion of the management of the Company, contain all adjustments, consisting of only normal recurring accruals, necessary to present fairly the financial position at September 30, 1991, and the results of operations and the changes in cash flows for the three months ended September 30, 1990 and 1991. Certain information and footnote disclosures normally included in financial statements that have been prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although management of the Company believes that the disclosures contained in these financial statements are adequate to make the information presented therein not misleading. For further information, refer to the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1991, as filed with the Securities and Exchange Commission.

The results of operations for the three months ended September 30, 1991, are not necessarily indicative of the results of operations to be expected for the full fiscal year ending June 30, 1992.

2. Line of Credit to L.A. Entertainment, Inc.

During July 1991, the Company provided a $400,000 line of credit, secured by inventory and accounts receivable, to L.A. Entertainment, Inc. ("LAET"), a related party, with interest payable monthly at 12%, and due on January 15, 1993. At September 30, 1991, $350,000 had been advanced to LAET. LAET is not current in its obligation to pay the accrued interest on the line of credit on a monthly basis.

3. Advance to Chairman

During September 1991, the Company advanced $25,000 to its Chairman on a non-interest bearing basis. It is anticipated that the terms and conditions of the advance will be determined by the Board of Directors of the Company.

4. Acquisition of Property

Effective March 26, 1992, the Company acquired a 211 unit apartment building known as Castaways/Hidden Harbor, located in Warner Robins, Georgia (the "Property"). The Company acquired the Property by purchasing all of the partnership interests of a Florida limited partnership known as the Castaways/Hidden Harbor Partners, Ltd. (the "Partnership"), the principal asset of which was the Property.

The Company paid $4,000,000 to acquire the Property, and recorded the transaction as follows:

4. Acquisition of Property (continued)

Assumption of first mortgage liability	$ 1,430,000
Cash payment to CEIT (advanced on September 27, 1991)	350,000
Issuance of convertible promissory note to CEIT (subsequently assigned to Colonial Service Corp.), with interest at 10%, secured by assignment of the Company's interest in the Partnership, convertible at 30% of market price beginning October 1, 1992	920,000
Issuance of 125,000 shares of Series A preferred stock, $10.00 redemption price, to CEIT	1,250,000
Assumption of certain operating liabilities	50,000
Addition to property	$ 4,000,000

The Company is currently in negotiations with the lender to restructure and extend the first mortgage liability due June 30, 1992.

As a result of the payment of the $350,000 cash, the issuance of the $920,000 convertible note, and the issuance of the 125,000 shares of preferred stock, the Partnership's unsecured promissory note to Colonial Service Corp. in the approximate amount of $3,500,000 held by CEIT as assignee was deemed paid in full.

The general partner of the Partnership was Equity Realty, Inc., a Delaware corporation, which was indirectly controlled by entities controlled by California Equities Investment Trust ("CEIT") and Southern California Equity Investments, Inc. ("SCEI"). Bruce W. Littell was the limited partner in the Partnership, and his interest had been acquired by the general partner.

The 125,000 shares of the Company's Series A preferred stock were issued to CEIT. Each share of preferred stock is convertible at the election of CEIT into 480 shares of the Company's common stock at any time after March 1, 1993. In addition, CEIT has the right to vote its preferred stock as a class with the holders of the common stock on all matters submitted to shareholders as if CEIT had converted its shares of preferred stock into common stock as of the record date for such shareholder vote. Accordingly, the preferred stock that was issued to CEIT represents approximately 55% of the voting common equity of the Company, and CEIT may be deemed to have the ability to direct the Company's management and policies.

The Chairman is the founder, President and a major shareholder of the Company. The Chairman is also the Chairman and President of L.A. Entertainment, Inc. ("LAET"). The Chairman and the Company were instrumental in the formation and financing of LAET during its initial stages of operation in 1984 and 1985, as a result of which both the Company and the Chairman acquired a substantial equity interest in LAET.

Sherman Mazur owns approximately 5.0% of the outstanding shares of common stock of LAET, and also owns Colonial Service Corp., a Florida corporation. Equity Realty, Inc. is 10% owned by SCEI and 90% owned by Western Pacific Equities, LP ("WPE"). Ms. Adele Kaplan, the sister of Mr. Mazur, is the sole trustee of CEIT, an irrevocable family trust that by virtue of its 80% ownership of WPE, has effective control over WPE. Western Pacific Family Equities, LP and SCEI, both of which are owned by Bruce W. Littell, in the aggregate own 20% of WPE. The beneficiaries of CEIT are Mr. Mazur's minor children.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Three Months Ended September 30, 1990 and 1991

Financial Condition: The Company's working capital resources during the three months ended September 30, 1991 were provided by the sale of shares of common stock of L.A. Entertainment, Inc. ("LAET"), which provided gross proceeds of $794,000. The Company's operations for the three months ended September 30, 1991 utilized cash resources of $44,000, as compared to $101,000 for the three months ended September 30, 1990, reflecting the Company's efforts to reduce overhead to a level commensurate with its working capital resources. The Company's net working capital at September 30, 1991 was $43,000, as compared to $71,000 at June 30, 1991.

During September 1991, the Company advanced $350,000 as a deposit on the purchase of a property, which was completed on March 26, 1992 (see Note 4 of the Notes to the Condensed Financial Statements for information regarding the acquisition of the property). In addition, during the three months ended September 30, 1991, the Company advanced $350,000 to LAET under a line of credit due January 15, 1993. LAET, a related party, has not been able to maintain required interest payments on the line of credit (see Note 2 of the Notes to the Condensed Financial Statements for information regarding the line of credit to LAET).

Management believes that the Company's working capital resources and short-term investments will be sufficient to support operations during the year ending June 30, 1992.

Results of Operations: During the three months ended September 30, 1991, the Company's operations consisted primarily of the periodic sale of shares of LAET common stock; there were no sales of LAET common stock during the three months ended September 30, 1990. During these periods, the Company also incurred various general and administrative expenses. During the three months ended September 30, 1991, the Company recognized a gain on sale of marketable securities of $728,000 by selling 675,000 of the 735,000 shares of LAET common stock that it owned as of June 30, 1991.

General and administrative expenses for the three months ended September 30, 1990 and 1991 were $13,000 and $19,000, respectively. Compensation expense, primarily to the Chairman, was incurred during the three months ended September 30, 1990; effective July 1, 1991, management has agreed to provide its services to the Company without charge until the Company completes the acquisition of a significant operating business. In addition, the cost of indemnification to the Chairman, which totalled $2,750 during the three months ended September 30, 1990 and 1991, is expected to continue until a dispute between the Chairman and the Federal Deposit Insurance Corporation is resolved.

Loss from investments consists of amounts charged to expense related to investments in companies in the start-up or reorganization stage. The Company records a valuation reserve directly to operations at the time any funds are disbursed in an amount equal to the amount of the disbursement, and recognizes any gain on sale of securities received or collection of notes only when such amounts are realized.

PART II. OTHER INFORMATION

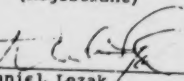
Items 1 through 6 are not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LEZAK GROUP, INC.
(Registrant)

Date: June 29, 1992

By: 

Daniel Lezak
President and
Chief Financial Officer
(Principal Executive and
Financial and Accounting
Officer)